

giving of notice, see §2-504 of this article.

For provisions governing approval when two or more classes of stock are entitled to vote separately, see §2-506 of this article.

3-302. RESTRICTIONS ON LIQUIDATING DISTRIBUTIONS.

A DISTRIBUTION IN PARTIAL LIQUIDATION MAY NOT BE DECLARED OR MADE IF:

(1) THE DEBTS OF THE CORPORATION EXCEED ITS ASSETS TAKEN AT FAIR VALUE, THE CORPORATION IS UNABLE TO MEET ITS DEBTS AS THEY MATURE IN THE ORDINARY COURSE OF BUSINESS, OR THE PAYMENT OF THE DISTRIBUTION WOULD CAUSE EITHER OF THESE RESULTS;

(2) THE STATED CAPITAL OF THE CORPORATION IS IMPAIRED OR THE PAYMENT OF THE DISTRIBUTION WOULD IMPAIR ITS STATED CAPITAL, EXCEPT THAT DISTRIBUTIONS MAY BE DECLARED AND PAID OUT OF SURPLUS, INCLUDING SURPLUS ARISING FROM A REDUCTION IN STATED CAPITAL;

(3) ALL ACCUMULATED DIVIDENDS ON CLASSES OF STOCK OF THE CORPORATION ENTITLED TO CUMULATIVE PREFERENTIAL DIVIDENDS HAVE NOT BEEN FULLY PAID OR PROVIDED FOR, UNLESS THE DISTRIBUTION IS MADE TO THE HOLDERS OF STOCK HAVING PREFERENTIAL RIGHTS IN THE ORDER AND TO THE EXTENT OF THEIR RESPECTIVE PRIORITIES; OR

(4) THE PAYMENT OF THE DISTRIBUTION WOULD REDUCE THE REMAINING NET ASSETS OF THE CORPORATION BELOW THE AGGREGATE PREFERENTIAL AMOUNT PAYABLE IN THE EVENT OF VOLUNTARY LIQUIDATION TO THE HOLDERS OF STOCK HAVING PREFERENTIAL RIGHTS, UNLESS THE DISTRIBUTION IS MADE TO THE HOLDERS OF THIS STOCK IN THE ORDER AND TO THE EXTENT OF THEIR RESPECTIVE PRIORITIES.

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 23, § 74(a).

In item (1) of this section, the word "insolvent" is deleted and the definition of that term, as presently contained in present § 74(a) (1), is substituted.

Item (3) of this section is admittedly unclear as to whether "stock having preferential rights" means any such stock, or only stock entitled to "cumulative preferential dividends {which} have not been fully paid or provided for."